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SIGIR PA-05-033
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SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

January 30, 2006

MEMORANDUM FOR COMMANDER, GULF REGION DIVISION, U.S. ARMY
CORPS OF ENGINEERS AND DIRECTOR, PROJECT
AND CONTRACTING OFFICE
COMMANDER, JOINT CONTRACTING COMMAND-
IRAQ/AFGHANISTAN
DIRECTOR, IRAQ RECONSTRUCTION MANAGEMENT
OFFICE

SUBJECT: Report on Project Assessment of the Kerbala Library in Kerbala, Iraq
(Report Number SIGIR-PA-05-033)

We are providing this project assessment report for your information and use. We assessed the in-process construction work being performed at the Kerbala Library in Kerbala, Iraq to determine its status and whether intended objectives will be achieved. This assessment was made to provide you and other interested parties with real-time information on a relief and reconstruction project underway and in order to enable appropriate action to be taken if warranted. The assessment team included an engineer and an auditor.

We discussed the results of this project assessment with representatives of the Project and Contracting Office, Gulf Region Division of the U.S. Army Corps of Engineers, and Joint Contracting Command-Iraq/Afghanistan, all of whom concurred with our conclusions. This report includes no recommendations that required management comments.

We appreciate the courtesies extended to our staff. This letter does not require a formal response. If you have any questions please contact Mr. Brian Flynn at (703) 343-9149 or brian.flynn@iraq.centcom.mil or Mr. Michael Stanka, P.E., at (703) 343-9149 or michael.stanka@iraq.centcom.mil.

Stuart W. Bowen, Jr.
Inspector General

Special Inspector General for Iraq Reconstruction

SIGIR PA-05-033

January 30, 2006

Kerbala Library, Kerbala Iraq

Synopsis

Introduction. This project assessment was initiated as part of our continuing assessments of selected reconstruction contracts. The overall objective was to evaluate if all contract deficiencies at the Kerbala¹ Library were corrected. We sent an assessment team to the site to review the status of contracts to upgrade the facility. The assessment team included a professional engineer and an auditor. This project assessment was conducted in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

Project Assessment Objective. The objective of this project assessment was to provide real-time relief and reconstruction project information to interested parties in order to enable appropriate action, when warranted. Specifically, we determined whether contract deficiencies were remedied in the four contracts listed below.

1. Contract DABV01-04-R-8339, dated 30 March 2004, for \$373,400 was for construction and repairs throughout the building.
2. Contract DABV01-04-Q-8342, dated 31 March 2004, for \$197,500 was for landscaping the library grounds.
3. Contract DABV01-04-Q-8343, dated 31 March 2004, for \$224,010 worth of furniture.
4. Contract DABV01-04-R-8353, dated 4 April 2004, for \$498,900 was for computers and internet connections.

Conclusions. The assessment determined that contract deficiencies were not remedied.

1. Contract DABV01-04-R-8339: The completed project was not consistent with original objectives. As a result, the actual minor construction and repairs were not adequate, and therefore, the original objective of the task order to renovate the library to a usable condition was not fully met.
2. Contract DABV01-04-Q-8342: The completed project was not consistent with original objectives. As a result, the actual landscaping work was not satisfactory, and therefore, the original objective of the task order to beautify the library grounds was not met.
3. Contract DABV01-04-Q-8343: The completed project was not consistent with original objectives. As a result, the actual furnishings did not enhance the

¹ Due to the various spellings for cities in Iraq, and in an effort to achieve standardization in SIGIR reports, Karbala, as noted in project documentation will henceforth be referred to as Kerbala.

appearance of the library, and therefore, the original objective of the task order to provide the library with new furniture was not met.

4. Contract DABV01-04-R-8353: The completed project was not consistent with original objectives. As a result, the actual computers and internet connections did not upgrade library access, and therefore, the original objective of the task order to provide the library with up-to-date computers and connections was not met.

Recommendation. Since effective stewardship was not exercised over the DFI contracts at the Kerbala Library, SIGIR recommends that the Director, Iraq Reconstruction Management Office; the Commander, Gulf Region Division; and the Commander, Joint Contracting Command-Iraq/Afghanistan, coordinate and consider using IRRF to correct the long standing deficiencies.

Management Comments. The Principal Assistant for Contracting, JCCI/A, concurred with our conclusions and recommendation and provided the following comments.

Deficiencies resulting from the contracts awarded by CPA should be corrected; however, the choice of funds to be issued is not within the authority of the contracting office. If funds are provided to correct the deficiencies, contracts will be awarded, properly administered and payments will be made upon satisfactory completion of work and/or delivery of equipment.

Evaluation of Management Comments. Management comments addressed the issues raised in our conclusions and actions taken should correct the deficiencies.

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Introduction

Background

On 26 October 2005, the Special Inspector General for Iraq Reconstruction (SIGIR) released a report titled “Management of the Contracts, Grants, and Micro-Purchases Used to Rehabilitate the Kerbala Library (Report No. SIGIR 05-20).” This audit report discusses the deficiencies in the Coalition Provisional Authority South-Central Region’s process for managing five contracts, one grant, and 33 micro-purchase contracts awarded in the amount of more than \$2.1 million for the rehabilitation of the Kerbala Library. These contracts and grants were funded by the Development Fund for Iraq. A single contractor, Global Business Group, Logistics Division (GBG) competed and was awarded all five contracts during the period 4 January 2004 to 4 April 2004. SIGIR Report 05-20 documented significant contract deficiencies noting:

South Central Region personnel needlessly disbursed more than \$1.8 million on projects to rehabilitate the library.

The subsequent sections of this report provide a detailed account of the contracting and performance issues associated with four of the five DFI contracts awarded to Global Business Group, Logistics Division.

Objective of the Project Assessment

The objective of this project assessment was to provide real-time relief and reconstruction project information to interested parties in order to enable appropriate action, when warranted. Specifically, we determined whether contract deficiencies were remedied in the four contracts listed below.

1. Contract DABV01-04-R-8339, dated 30 March 2004, for \$373,400 was for construction and repairs throughout the building.
2. Contract DABV01-04-Q-8342, dated 31 March 2004, for \$197,500 was for landscaping the library grounds.
3. Contract DABV01-04-Q-8343, dated 31 March 2004, for \$224,010 worth of furniture.
4. Contract DABV01-04-R-8353, dated 4 April 2004, for \$498,900 was for computers and internet connections.

Pre-Site Assessment Background

The library, located in Kerbala, Iraq, was the focal point for academic and professional learning in the area. The library provided the area’s richest source of Arabic translations of the most important Western works of history, literature, philosophy, politics, and science. During Saddam’s regime, the people of the entire region were deprived of the most basic access to world literature. The Coalition Provisional Authority (CPA)

determined that supporting the library was consistent with the requirement that such projects benefit the people of Iraq.

The CPA was the authority responsible for the temporary governance of Iraq through June 28, 2004. Thereafter, the Iraqi Interim Government assumed the authority to govern Iraq. The responsibility for the DFI transferred from the CPA to the Iraqi Interim Government on June 28, 2004. Due to the dissolution of the CPA, four U.S. government organizations assumed responsibilities for the management of contracts, grants, and micro-purchase contracts in Iraq.

- The Project and Contracting Office has the responsibility to assess requirements for contracts.
- The Iraq Reconstruction Management Office has the responsibility to approve contracts.
- The Head of Contracting Activity, Joint Contracting Command–Iraq/Afghanistan, has the responsibility to administer contracts and grants.
- The Joint Area Support Group–Central has the financial responsibility for contracts.



Kerbala Library

Contracts, and Costs

The CPA entered into four contracts with Global Business Group, Logistics Division, Baghdad, Iraq, between March and April of 2004. These contracts were for various upgrades at the Kerbala Library.

- Contract DABV01-04-R-8339, dated 30 March 2004, for \$373,400, for minor construction and repairs.
- Contract DABV01-04-Q-8342, dated 31 March 2004, for \$197,500, for landscaping.
- Contract DABV01-04-Q-8343, dated 31 March 2004, for \$224,010, for furniture.

- Contract DABV01-04-R-8353, dated 4 April 2004, for \$498,900, for computers and internet connections.

Description of the Facility (Pre-Reconstruction)

The description of the facility (pre-construction) was based on information from the initial Statement of Work (SOW), dated 21 June 2003. The library buildings were damaged by looting and had not received any work or repair since 1985.

Scope of Work of the Repairs and Construction at Kerbala Library

The SOW for the repairs to the existing Kerbala Library required the design and construction of the following components.

DABV01-04-R-8339, minor construction and building repairs, to include:

- Window seals
- Repair wooden door frames
- Tempered glass
- Jordanian wooden frames (double) for wooden doors
- 411 square meters of carpet
- 10 ceiling fans
- Glass panels
- Slate board

DABV01-04-Q-8342, landscaping the library grounds, to include:

- Hedge plants
- Two fountains
- 42 landscaping lights
- 30 park benches

DABV01-04-Q-8343, new furniture, to include:

- 180-2 meter high single face book shelves
- 4 rolling ladders
- 110 reading tables
- 182 upholstered chairs on metal frames
- 9 charging desks
- 24 glass and wooden frame library cases
- 8 computer tables
- 68 swivel chairs
- 4 card catalogs with 60 trays
- 60 desks for the computer lab
- 1 teacher's desk

DABV01-04-R-8353, computers and internet connections, to include:

- 68 personal computers
- 68 workstations
- 2 servers – one primary and one backup

- All necessary hardware and software
- Installation

Site Assessment

Iraqi Forward Engineering Support Team Results. The Iraqi Forward Engineering Support Team (IFEST) provided reports to the CPA on contractor performance. The IFEST was comprised of Iraqi professional engineers who worked for the U.S. Army Corps of Engineers. The IFEST visited Iraq reconstruction projects sites such as police stations, schools, and water plants because it was easier for them to move around a site and communicate with Iraqi workers.

The IFEST visited the library on September 20, 2004, to evaluate the contractor's performance on the four library contracts. Their report contained the discrepancies listed below.

DABV01-04-R-8339, minor construction and building repairs: the contractor did not provide:

- Seals around the windows
- Jordanian wooden frames (double) for wooden doors
- 411 square meters of carpet
- 10 ceiling fans
- Glass panels
- Slate board
- D section end trim
- Shelf with support 24"x6"
- Shelf with support 24"x10"
- Looped slat hook and chrome

DABV01-04-Q-8342, landscaping the library ground: the contractor provided:

- A paved parking area of 30 x 35 meters instead of the required 42 x 75 meters; a decrease of 12 x 40 meters without a percentage refund
- No hedge plants
- Two fountains, one cracked and one missing its pump
- 22 of 42 landscaping lights
- All park benches; however, the park benches were broken

DABV01-04-Q-8343, new furniture: the contractor provided:

- 138-2 meter-high, double-face bookshelves, instead of 180
- Zero 4 meter-high, single-face bookshelves, instead of 30
- Zero rolling ladders, instead of 4
- 63 reading tables, instead of 110
- 575 PLASTIC chairs, instead of 182 upholstered chairs on metal frames
- Zero charging desks, instead of 9

- Zero glass and wooden frame library cases, instead of 24
- Zero computer tables, instead of 8
- 21 previously used swivel chairs, instead of 68
- No card catalogs with 60 trays, instead of 4
- 14 desks for the computer lab, instead of 60
- No desk for the teacher instead of 1

DABV01-04-R-8353, computers and internet connections: the contractor provided:

- 14 of 68 personal computers
- No workstations
- No servers
- No hardware and software
- No installation

SIGIR Audit Report Results

Report No. SIGIR 05-020 dated October 26, 2005, Management of the Contracts, Grants, and Micro-Purchases Used to Rehabilitate the Kerbala Library, reiterated the same deficiencies as the IFEST:

Building Repairs. “We agreed with the conclusion in the IFEST inspection report that the contractor failed to perform according to the scope of work. The contractor did not provide numerous items; such as ceiling fans, glass panels, and seals around the windows. In addition, the contractor did not provide quality repairs to the building.”

Landscaping. “We agreed with the conclusion in the IFEST inspection report that the contractor failed to perform according to the scope of work. The solicitation called for the construction of a paved parking area of 42 m x 75 m. Instead, the contractor provided a paved parking area of 30 m x 35 m and decreased the parking area required by 12 m x 40 m. In addition, the contractor did not provide a fountain with an operable pump, did not provide any hedge plants, and did not provide the correct number of landscaping lights. Further, the contractor did not remove the three trees in the front, left, and right of the steps and replant them.”

Furniture. “We agreed with the conclusion in the IFEST inspection report that the contractor failed to produce the agreed upon goods. The items the contractor provided were not up to the standards in the scope of work, were used, or were not in good condition. For example, the contractor provided plastic chairs instead of the required upholstered metal chairs. In addition, the contractor supplied three very poor quality wood and glass frame cases instead of the required new glass and wood frame cases. Further, the 138 2-meter double face book shelves were made of pressed wood, not the “solid wood” the contract specifically required.”

Internet Service. “We agreed with the conclusion of the IFEST inspection report that the contractor failed to deliver and install the internet service. The contractor did not provide 54 of the required 68 personal computers and failed to provide the

hardware and software for the installation of the internet service. We viewed the library's computer room to determine if any hardwiring of the computers had been done. The personal computers provided by the contractor were working as stand-alone computers because there was no server connection."

The audit further explains the amount of funds wasted in the table below:

Contracts	Value of Contract	Amount Disbursed for Work Performed	Amount Needlessly Disbursed for Work Not Performed
Contract DABV01-04-M-8339	\$373,400	\$310,606	\$62,794
Contract DABV01-04-M-8343	\$224,010	\$94,920	\$129,090
Contract DABV01-04-M-8342	\$197,500	\$85,770	\$111,730
Contract DABV01-04-M-8345	\$498,900	\$30,090	\$468,810
Totals	\$1,293,810	\$521,386	\$772,424

Table - Cash Needlessly Disbursed

SIGIR Assessment Visit, 22 December 2005

Based on our observations and discussions with the Master Librarian, none of the deficiencies for any of the four contracts were corrected.

The librarian stated that the contractor:

- Has not been back to do any repairs since the initial work and nothing has been upgraded, repaired or otherwise made right.
- Did nothing with the landscaping and it has been the same since the contractor left in the summer of 2004.
- Has not delivered any other furniture since the first delivery of used and broken furniture, and plastic chairs.
- Has never installed internet connections and only delivered 14 computers.

Our observation of the library and grounds verified the librarian's statements. We saw no evidence of any construction or repair. The landscaping was the same as it was in May of 2005 along with the broken benches, which had not been replaced. No additional or replacement furniture was delivered since the original contract. Finally, internet connection still does not exist and the number of computers remains at 14.

Conclusions

The assessment determined that contract deficiencies were not remedied.

1. Contract DABV01-04-R-8339: The completed project was not consistent with original objectives. As a result, the actual minor construction and repairs were not adequate. Therefore, the original objective of the task order to renovate the library to a usable condition was not fully met.

2. Contract DABV01-04-Q-8342: The completed project was not consistent with original objectives. As a result, the actual landscaping work was not satisfactory. Therefore, the original objective of the task order to beautify the library grounds was not met.
3. Contract DABV01-04-Q-8343: The completed project was not consistent with original objectives. As a result, the actual furnishings did not enhance the appearance of the library. Therefore, the original objective of the task order to provide the library with new furniture was not met.
4. Contract DABV01-04-R-8353: The completed project was not consistent with original objectives. As a result, the actual computers and internet connections did not upgrade library access. Therefore, the original objective of the task order to provide the library with up-to-date computers and connections was not met.

Recommendation

Since good stewardship was not exercised over the DFI contracts at the Kerbala Library, the Director, Iraq Reconstruction Management Office; Commander, Gulf Region Division; and the Commander, Joint Contracting Command-Iraq/Afghanistan, should coordinate and consider using IRRF to correct the long standing deficiencies.

Management Comments

The Principal Assistant for Contracting, JCCI/A, concurred with our conclusions and recommendation and provided the following comments.

Deficiencies resulting from the contracts awarded by CPA should be corrected; however, the choice of funds to be issued is not within the authority of the contracting office. If funds are provided to correct the deficiencies, contracts will be awarded, properly administered and payments will be made upon satisfactory completion of work and/or delivery of equipment.

Evaluation of Management Comments

Management comments addressed the issues raised in our conclusions and actions taken should correct the deficiencies.

Appendix A. Scope and Methodology

We assessed four contracts that the South-Central Region awarded in support of the Kerbala Library. A single contractor competed for the contracts and received the awards for the four contracts. We conducted an on-site assessment and documented the results of 4 contracts at the Kerbala Library on 22 December 2005. The contracts are listed below.

- Contract DABV01-04-R-8339; 30 March 2004; \$373,400
- Contract DABV01-04-Q-8342; 31 March 2004; \$197,500
- Contract DABV01-04-Q-8343; 31 March 2004; \$224,010
- Contract DABV01-04-R-8353; 4 April 2004; \$498,900

We performed this project assessment in December 2005, in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency. The assessment team included a professional engineer and auditor accompanied by the Director, Regional Contracting Office - South Central. In performing this Project Assessment, we:

- Reviewed contract documentation to include the Independent Government Estimate, Scope of Work, contract, and contract modifications.
- Conducted an on-site assessment and documented results at the Kerbala Library.

Limiting Factors

The security detail allowed our team 15 minutes at the library. In addition, we were required to stay together as a group and not allowed to walk randomly throughout the library. Therefore, time was not sufficient for us to take pictures and ask questions.

Appendix B. Acronyms

CPA	Coalition Provisional Authority
IFEST	Iraqi Forward Engineering Support Team
PCO	Project and Contracting Office
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix C. Report Distribution

Department of State

Secretary of State

Senior Advisor to the Secretary and Coordinator for Iraq

U.S. Ambassador to Iraq

Director, Iraq Reconstruction Management Office*

Inspector General, Department of State

Department of Defense

Deputy Secretary of Defense

Director, Defense Reconstruction Support Office

Under Secretary of Defense (Comptroller)/Chief Financial Officer

Deputy Chief Financial Officer

Deputy Comptroller (Program/Budget)

Inspector General, Department of Defense

Department of the Army

Assistant Secretary of the Army for Acquisition, Logistics, and Technology

Principal Deputy to the Assistant Secretary of the Army for Acquisition,

Logistics, and Technology

Deputy Assistant Secretary of the Army (Policy and Procurement)

Director, Project and Contracting Office*

Commanding General, Joint Contracting Command – Iraq/Afghanistan

Assistant Secretary of the Army for Financial Management and Comptroller

Auditor General of the Army

U.S. Central Command

Commanding General, Multi-National Force – Iraq

Commanding General, Multi-National Corps – Iraq

Commanding General, Multi-National Security Transition Command – Iraq

Commander, Joint Area Support Group – Central

Other Defense Organizations

Director, Defense Contract Audit Agency

Other Federal Government Organizations

Director, Office of Management and Budget

Comptroller General of the United States

Inspector General, Department of the Treasury

Inspector General, Department of Commerce

Inspector General, Health and Human Services

Inspector General, U.S. Agency for International Development

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

U.S. Senate

- Senate Committee on Appropriations
 - Subcommittee on Defense
 - Subcommittee on Foreign Operations
- Senate Committee on Armed Services
- Senate Committee on Foreign Relations
 - Subcommittee on Near Eastern and South Asian Affairs
 - Subcommittee on International Operations and Terrorism
- Senate Committee on Homeland Security and Governmental Affairs
 - Subcommittee on Government Efficiency and Financial Management
 - Subcommittee on Financial Management, the Budget, and International Security

U.S. House of Representatives

- House Committee on Appropriations
 - Subcommittee on Defense
 - Subcommittee on Foreign Operations, Export Financing and Related Programs
- House Committee on Armed Services
- House Committee on International Relations
 - Subcommittee on Middle East and Central Asia
- House Committee on Government Reform
 - Subcommittee on Government Efficiency and Financial Management
 - Subcommittee on National Security, Emerging Threats and International Relations

Appendix D. Project Assessment Team Members

The Office of the Assistant Inspector General for Inspections, Office of the Special Inspector General for Iraq Reconstruction, prepared this report. The principal staff members who contributed to the report include:

Michael Stanka, P.E.

Angelina Johnston